



Sean Rogan
Executive Director

COMMUNITY DEVELOPMENT COMMISSION
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ADOPTED

Community Development Commission

January 18, 2011

#1-D JANUARY 18, 2011

The Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE THE SUBMISSION OF A SECTION 108 LOAN GUARANTEE AND ECONOMIC
DEVELOPMENT INITIATIVE GRANT APPLICATION FOR THE FLORENCE PARKING LOT
PROJECT IN UNINCORPORATED FLORENCE FIRESTONE AREA
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends approval of various documents that would allow receipt from the U.S. Department of Housing and Urban Development (HUD) a Section 108 Loan Guarantee of approximately \$1,000,000 and a companion Economic Development Initiative (EDI) grant of approximately \$1,000,000. The County will apply for these funds under a related item on the agenda of the Board of Supervisors. These funds will provide financing for the Florence Parking Lot, an approximately 19,748 square foot surface parking facility to be located in the one-mile buffer zone of the federally designated Empowerment Zone in unincorporated Florence Firestone. This letter also recommends approval of an Option Agreement to purchase the property for development.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that these funding actions for the Florence Parking Lot project are exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the project includes activities that will not have the potential for causing a significant effect on the environment.
2. Authorize the Executive Director to execute a Section 108 Contract for Loan Guarantee Assistance and EDI grant agreements with HUD, and all related documents, and to take all HUD-required actions on behalf of the County to receive a Section 108 Loan Guarantee of approximately \$1,000,000 and a companion Economic Development Initiative (EDI) grant of approximately \$1,000,000, which will provide financing for the Florence Parking Lot, an approximately 19,748

square foot surface parking facility to be located on the corner of Florence Avenue and Maie Avenue in the one-mile buffer zone of the federally designated Empowerment Zone.

3. Authorize the Executive Director to execute any needed amendments to the Section 108 Contract for Loan Guarantee Assistance and related documents; to take all HUD-required and other necessary actions to modify loan conditions and interim and permanent financing; and to execute all related documents to participate in HUD's public offering of notes, for the purposes described above, following approval as to form by County Counsel.

4. Authorize the Executive Director, following approval by HUD, to accept from the County any Section 108 Loan Guarantee and Economic Development Initiative (EDI) grant funds awarded by HUD for the development of the Florence Parking Lot.

5. Authorize the Executive Director to negotiate, execute, and if necessary amend or terminate the Option Agreement and any related documents to purchase the Florence Parking Lot, following approval as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed Section 108 Loan Guarantee and EDI grant funds will provide financing for real property acquisition and costs of development such as design, construction, and construction management of a new public parking facility on the corner of Florence Avenue and Maie Avenue. The site is a vacant, corner lot of approximately 19,748 square feet and zoned for commercial uses. The proposed parking lot will be designed for approximately 41 surface parking spaces along with landscaping, lighting and off-site improvements. The location of this vacant lot is ideal for a surface parking lot because it is one of a few lots available in the vicinity to provide parking for nearby uses such as the public library and older commercial buildings designed with no on-site parking. The proposed Florence Parking Lot will increase parking supply while assisting the community's efforts to promote pedestrian activity, an essential element to increase economic vitality to the Florence Firestone community.

FISCAL IMPACT/FINANCING

Following approval by HUD, the County will receive a total of \$2,000,000, comprised of approximately \$1,000,000 in Section 108 Loan Guarantee funds and \$1,000,000 in EDI grant funds. The loan will be drawn down using interim financing for the first year of the loan followed by permanent financing for the remaining loan term. Interim financing is subject to a variable interest rate of the London InterBank Offered Rate (3-month LIBOR rate), plus 20 basis points (0.20 percent), and requires quarterly interest payments. Permanent financing, which will provide a fixed market rate, is only available through HUD after it holds a public offering of notes. Once a public offering is conducted and permanent financing is available, the County will repay both principal and interest over a 20-year period using Community Development Block Grant (CDBG) funds allocated to the Second Supervisorial District. The estimated annual loan repayment under permanent financing is \$85,000 to \$95,000, based on a projected interest rate of 5.0%.

In order to secure the Section 108 Loan Guarantee, HUD is requiring that the County pledge future allocations of CDBG funds. As required by HUD, the Commission will identify and provide Commission-owned property as collateral.

Subject to the conditions of these HUD programs, including the repayment of the loan, the County must enter into an agreement with HUD for the receipt and use of these funds. The Section 108 Loan Guarantee and EDI Grant proceeds must be drawn down in equal amounts.

The Commission's approved Fiscal Year 2010-2011 budget includes \$1,000,000 in Section 108 Loan Guarantee funds and \$1,000,000 in EDI grant funds. Approximately half of those funds will be spent in FY 2010-2011 and the remaining balance will be included for approval through the Commission's FY 2011-2012 annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Approval of this application by HUD will enable the County to receive a total of \$2,000,000 of federal assistance, to provide financing that will enable the acquisition and development of the Florence Parking Lot, an approximately 19,748 square foot public surface parking lot within the Empowerment Zone's one-mile buffer zone. The parking facility will be developed once the Commission acquires the site. The project budget is currently estimated at \$2,000,000; the final budget will be determined upon completion of the procurement process for the construction of this new parking facility.

Under Section 108 of the Housing and Community Development Act of 1974, as amended, the County can apply to HUD for loan guarantees provided it pledges future CDBG allocations and provides collateral to secure the loan. The Section 108 Loan Guarantee Program makes funds available for eligible activities that benefit low-and moderate-income persons, or eliminate conditions of slum and blight.

Pursuant to 24 Code of Federal Regulations, Section 570.704, Paragraph (a)(2)(iii), the Commission published a notice in the Los Angeles Times, La Opinion, and the Huntington Park Bulletin newspapers advising residents of a 14-day public comment period and community meeting on the proposed Florence Parking Lot project. The comment period concluded on December 13, 2010, and no public comments were received. The Commission held the community meeting on December 13, 2010 at the Florence Firestone Community Service Center, located at 7807 S. Compton Ave., in unincorporated Florence Firestone. The community provided positive comments regarding the proposed parking facility; no objections were received on the proposed use of the HUD funds for the project.

ENVIRONMENTAL DOCUMENTATION

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a) (5), this project is excluded from the National Environmental Policy Act (NEPA), because it involves activities that will not alter existing environmental conditions. It is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The project will benefit low-and moderate-income residents of the Florence Firestone community through the provision of a public parking facility in the Empowerment Zone.

The Honorable Board of Supervisors

1/18/2011

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

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